12

THE CANADIAN PACIFIC RAILWAY.

An Insight into its Management and Policy.

FACTS AND FIGURES.

A Series of Letters as published in the Quebec, (Dominion of Canada,) "Saturday Budget," March, 1889.

(*From the Saturday Budget, Quebec, Canada.*)

THE CANADIAN PACIFIC RAILWAY.

Letter No. I.

It is not difficult to understand the strong feeling which pervades Canada, with regard to the proceedings lately taken by the Canadian Pacific Railway, to prevent a line not of their system crossing their track in Manitoba. Many important principles were involved in this simple matter. No one travelling a few miles on a railway car can fail to perceive that the track is traversed by other lines; and a glance at the map will show that a main line possessing the right to prevent such a crossing would virtually make the construction of other railways impassible, whenever it was thought fit to exercise this power of repression.

There has been much feeling, passion, and partizanship shewn on both sides of this controversy: they must be entirely set aside in any narrative of the event What is called for at this hour is a calm dispassionate statement of the facts, so that the true issue involved can be clearly understood, and the important principles which lie beneath the outer event be plainly made known.

Hitherto for the twenty two years of Confederation the power of granting a railway charter has been fully recognized to belong to the Provincial Legislature, and has been accepted by the Dominion Parliament as being perfectly legal. It has been even unquestioned. Lines of any length, extending over the boundaries of more than one province, have obtained their charter from the House of Commons: more as a matter of convenience than from the theory of receiving wider and more assured privileges. The Provincial charters were in every respect as full and as valid. Had the presentations of the Canadian Pacific in this instance been countenanced, all power of chartering a railway would have been taken from the Provincial Legislature not simply in Manitoba, but in Ontario, Quebec and the

Maritime Provinces. The Dominion Government alone would have possessed power sufficient to call into operation a Provincial line of any length extending from one point of the province to another, far distant, involving crossing a main line under Dominion control. How would such a decision have been accepted.? With the passionate cry of indignation which a sense of wrong calls forth. However, techinal and logical such a legal conclusion might be, the country would have been awakened by this usurpation of power covertly obtained ; and an issue would have been raised to make all other political relationships subordinate to it. It would doubtless have led to a reconstitution of political parties ; so important was the principle at stake. Public opinion certainly in Quebec. Ontario and Manitoba would have called for a declaratory statute to make any such condition impossible, and it is by no means improbable that an adverse vote would have given the death warrant to the party in power.

Equally important is the consideration of the wound to public morality traceable in these proceedings. The point involved was whether a deliberately accepted obligation incurred on receipt of valuable considerations can be set aside on merely technical grounds; whether a public company having parted with an important privilege owing to the receipt of what may be justly described as a large sum of money, can reassert that privilege under another aspect. Whether a solemn engagement with the country is to be faithfully kept, or may be avoided through the cunning of the attorney hitting upon another means of reasserting it, whether in short the doctrines of honour and fair dealing and truth, are or are not to prevail.

The facts of the case can be simply set forth :

In the contract entered into by the Canadian Government with the Canadian Pacific Railway on the 21st of October, 1880, among other considerations, the monopoly was granted so far as the Dominion could grant it for twenty years, that no foreign line should be constructed to the south-west of the main line within fifteen miles of the forty-ninth degree of latitude. The condition is set forth in clause 15 of the contract. During the debate at the time the opinion was freely expressed, that it was questionable if the Dominion could bind the Province of Manitoba, created with full Provincial rights in 1879; in other words, if this legislation could coerce the Province in any such agreement. For whatsoever right appertained to the wealthy Province of Ontario, equally belonged to the struggling thinly settled Western Province. Her rights are identical with those of her prosperous powerful sister, and the theory that the Dominion House of Commons "as a policy" would attempt to make special arrange-

ments to the injury of Ontario without the consent of the Province, is too ridiculous to need refutation, whatever the mere lawyer may assert.

General dissatisfaction with the policy of the Canadian Pacific Railway, led to a desire for a connection to be made from the City of Winnipeg to the southern boundary of the Province by a line of railway, by means of which communication with the Northern Pacific Railway would be obtained; a connection only to be formed, necessarily to be developed, without the charter for the construction of this line which passed the Provincial Legislature, had been vetoed by the Dominion Government, it had been nevertheless determined to persevere in the construction of the railway. Every means was taken by the Canadian Pacific to prevent the work being carried on. Ground was purchased, over which the line must pass, and possession of it was refused. Every possible impediment was thrown in the way of its legal appropriation. The opposition was repeated wherever opportunity offered. Finally the difficulties being removed, the line was placed under contract.

Public feeling threughout the country was much excited During the application to Parliament in 1885 by the Canadian Pacific for relief, the motion was directly made for the monopoly clause to be rescinded. It was, however, voted down. From that date, the policy, the wisdom, the justice of the clause in the contract of the Canadian Pacific Railway has been contested by many out of the Province of Manitoba; within it, the exceptions were those in its favour. In 1888 the dispute came before the Dominion Parliament, not in its constitutional bearing, not as an abstract power possessed by Parliament, but an arrangement was attained without entering into consideration of what had been done. The necessities of the Canadian Pacific Railway had again made its Executive Committee applicants to the Dominion Parliament for relief.

The term Executive Committee may need some explanation, for the mode of directing the operations of the line differ from the course which has been hitherto generally followed in the construction of railways. It has been the custom for the directors of a railway to control its fortunes, and the compound character of those selected to some extent has furnished a guarantee of the course which would be followed With the Canadian Pacific, those serving on the direction have been merely nominal appointments. The impression prevails that they exercise neither control nor influence. Their names are given, and they attend at certain meetings, but so far as the outer world can draw its conclusions from what takes place, the whole

policy of the Canadian Pacific has been determined by the Executive Committee elected from the directors. Hitherto it has consisted of Sir George Stephen, Sir Donald Smith, Mr. Angus and Mr. Van Horne. In the first years it included Mr. McIntyre, but he early publicly dissevered his connection with the company. Sir George Stephen sent in his resignation a few months back, and published his reasons for doing so. Whether Sir Donald Smith has retired or not cannot be positively said. The newspapers, however, announce that he is proceeding to the south of France for his health. Mr. Angus' name never appears The principal actor is Mr. Van Horne, a United States citizen who went from the State of Minnesota to Canada some eight years ago. He is practically the one man in power, For good or for evil, he has directed the fortunes of the Canadian Pacific. He selected the location, abandoning that of Mr. Fleming to descend and ascend the terrible grades of the "temporary track" down the Kicking Horse Pass, he carried the line accross the Selkirks, by what Canadian Pacific writers delight to call the "Rogers Pass" although known and discarded by Mr. Fleming from the dangerous character of the prevalent avalanches, snow and boulder slides. It is he who has developed the Canadian Pacific system by new and expensive railway lines and branches to Detroit, and at this date is constructing a line side by side with the Grand Trunk branch from London to Windsor, 110 miles in length. By a bridge over the St. Lawrence at Lachine, and with a line extending to the State of Maine and traversing that State, has obtained control of a railway to connect with the New Brunswick and Nova Scotia, proposed system under the management of a company considered to be controlled by Sir George Stephen and his friends independently of the Canadian Pacific lines as a company; as a theory to proceed onward to Louisburg, there to form a new seaport. Those who know the country ask how the interest for the bridge over the Gut of Canso, which at least will cost some $2,000,000, can be met, and they also maintain the opinion that a bridge over the narrows of the Bras d'or is simply an impossibility so that Louisburg cannot be reached by railway.

The merits of this policy and the present condition of the Canadian Pacific is universally looked upon as the creation of Mr. Van Horne, the one man in power, the originator of the new station in Montreal, who is solely responsible for all that takes place with regard to the railway. It was Mr. Van Horne who negotiated with the Government in the commencement of 1888. Whether the necessities of the Railway Company made it imperative for some pecuniary relief to be obtained, or whether doubts began to be felt that the rights of Manitoba would find an echo in the other provinces, and if at Ottawa

law could not be found in the Statute book to relieve the Province; legislation would be battled for to obtain it, and the right of constructing Provincial lines would be fully established, the Canadian Pacific Railway accepted a compromise on the Dominion Government guaranteeing fifteen millions of 3½ per cent land bonds in the plainest language the Canadian Pacific Railway abandoned its monopoly in the North-West. The position of that company consequent on this arrangement was set forth by Mr. Blake in the following words in his address to the Supreme Court on the 21st November last. Every shred of this right of monopoly by the railways being voluntarily ceded on this occasion :—

"It is notorious," remarked Mr. Blake, "that disputes took place * * * as to the actual and implied obligations of the Government and of the Parliament of Canada towards the Canadian Pacific Railway Company * * * with reference to the Province of Manitoba. It is notorious that for many years that Province had been asserting its rights under the constitution * * * * to charter Provincial railways which should run in the specified direction and enter the prohibited territory of fifteen miles. It is notorious that agitation and discontent had ensued upon the repeated disallowance of those acts of the Executive of Canada, and that the executive action of the Government of Canada had been ratified and confirmed by the Parliament of Canada. All these disputes culminated last session, in an arrangement which is upon the statute book whereby the clause in question was erased from the contract with the Canadian Pacific Railway Company for certain considerations which the Government, with the assent of Parliament agreed to give in the shape of a guarantee; and therefore all the obligations of the Parliament of Canada and of the Executive of Canada whether actually expressed or implied, whether more or less extensive, were entirely blotted out and the Canadian Pacific Railway Company had no longer any special or specific, or particular right to call for intervention or inaction on the part of the Parliament of Canada by virtue of its contract (Strong J.,) or the Executive of Canada?

Mr. Blake—Yes, either executive or legislative. That is all blotted out. The Company has no legal and no moral right to come forward and say it is to be considered in any other position than any other individual or corporation on the face of the land with reference to this matter any more."

Argument of Mr. Blake before the Supreme Court, p. 31.

Letter No. II.

By the condition of affairs thus described, not only in the Province of Manitoba, but throughout the Dominion among those with whom the subject had attracted attention, it was considered that the action of Parliament had finally settled the question, and that the Provincial railways would be permitted to carry out the policy determined on without further opposition.

The abandonment by the Canadian Pacific Railway of its monopoly, had been unmistakable, unqualified, and complete, and all that was looked for, was, that the Company would honorably fulfil its obligations, and accept the inevitable consequences to which their engagements would lead.

The contrary has proved to be the case.

The line constructed under the authority of the Manitoba Government, in connection with the Northern Pacific could only be looked upon as the first step towards the development of a system independent of that of the Canadian Pacific. Consequently on the completion of the line running south to the boundary, two branches have been projected, one to run to the south of the Assiniboine, crossing the river to portage la-Prairie. At this place an independent line has been constructed to the north west; the Manitoba and North Western which hitherto has been a feeder to the Canadian Pacific Railway. But the connection of this line with the newly constructed branch would attain for it an outlet to the Northern Pacific, a second branch is proposed to leave the first constructed line nearer the boundary and proceed to Beaconsfield, whence turning north westerly it will run to Brandon 135 miles from Winnipeg. In addition engineers are examining a location to prolong the line westerly from Beaconsfield to the Souris river.

It is necessary fully to explain what the cause of dispute really is between the newly constructed lines and the Canadian Pacific Railway. It has been lost sight of in the muititude of words used during the contest and consequently it is only imperfectly understood.

The claim has been put forward by the lines, having a charter from the Manitoba Government that they possess the right to construct a line between the points named, and consequently when they meet a railway intersecting their line, they are at liberty to cross the track provided they do so safely in accordance with law. In the Dominion of Canada, they are some hundreds of such crossings; on the Continent of North America several thousands; and with the observance of the precautions laid down by law, there is perfect unanimity from danger. The principle observed is that all trains

approaching such a crossing on all occasions, stop for one minute. Thus the one risk, that of collision, is avoided. The iron crossing plate is a simple contrivance; the rail is left open on both lines, the opening being protected by guard rails, so the wheels cannot leave the track, the plate being carefully wrought to the angle formed by the junction of the two lines.

It was to oppose the introduction of this crossing in the track of an unimportant branch of the Canadian Pacific, the Pembena Mountain Railway that the difficulty took place. To speak of any inconvenience or danger, or additional expense is totally beside the question; for the latter is borne by the latest constructed railway. On the Pembena branch there are but four trains a week only. Even on the Canadian Pacific main line, there is only one passenger train up and down, likewise one freight train each way, the latter being often cancelled. Consequently the argument of expediency is not permissible. The crossing itself is a very small matter, but it has been made to embrace an important principle nothing less, in short, than an attempt to stay the construction of a system of railways, which the Canadian Pacific justly recognizes to be a rivalship to its own.

When the Canadian Pacific accepted the terms on which it abandoned its privileges, the managers must clearly have understood the consequences involved in that act. They must have known that Manitoba was not fighting for shadows. They must have foreseen the construction of lines similar to those they are opposing, nevertheless they abandoned their rights with deliberation, and any opposition on their parts to lines chartered by the Province on any pretence whatever, is a direct violation of their acceptance of the agreement. Who will not ask if it be not a wound to public morality. when a company on technical grounds endeavors to reassert privileges for the abandonment of which it received the highest money consideration?

What were those technical grounds?

In the same session of 1888, in which the guarantee of the fifteen millions of land bonds was voted to the Canadian Pacific Railway; by a somewhat singular coincidence the Railway Act was amended, and it was according to the assumed meaning of the clause of the act that the Canadian Pacific Railway endeavored to reassert their privileges of monopoly. The attempt has been to introduce a constitutional doctrine on the subject of the simple matter of a railway crossing, a mere arrangement by which two railways running in different directions can proceed each on its way uninterruptedly.

By the Imperial North American Act the power of the several Provinces are defined, and what is not precisely set forth as appertain-

ing to the Province comes within the rule of the Dominion. Among the powers given to the former is the right of executing local works and undertakings with the exception of works "declared by the Parliament of Canada to be for the general advantage of Canada." To object to a Province constructing a railway for the reason that it crosses another track, is to declare the railway crossing plate to be of such paramount importance that the line is not permissable; an objection contradicted by our daily experience.

There has been a great deal of mystification of this simple matter and it is surprising to us that the able civil servants in the railway and canal department did not correctly see this point Or did they see it and the influence sustainining it, and suggest the course of bringing it before the Supreme Court to obtain the unanimous, satisfactory, and unqualified answer to the query submitted, which the Court has given? By the Consolidated Railway Act of 1879 ten railways were brought into the category of being "for the general advantage of Canada," and so were placed under Dominion Control.

Among these, the Canadian Pacific Railway, not only the main line, but also "branch lines or railways connecting with or crossing them or any of them." The meaning of the original specification of the powers in the Imperial Act to our mind is very plain—that in the event of a work being proposed by a Province and held to be of such a character that it should be undertaken by the Dominion, that the work could be taken from Dominion control—and carried on by the Central Government.

It never could have meant that a work should be declared "of advantage to Canada," and by that means its construction should be stopped, the Province being prevented from undertaking it, while the Dominion refused to take further proceedings with regard to it. Extend the theories which have been propounded concerning this clause, to the *reductio ad absurdum* the Dominion Parliament could declare every Provincial railway or any Provincial work of whatever character to be in the category named and to make all Provincial effort impossible.

The present difficulty has arisen simply from the bad English used in the Railway Act of 1883, and as we have remarked by a strange coincidence affirmed in the Act of 1888—at the time the fifteen million guarantee was given in which we read—"branch lines or railways connecting with "*or crossing them.*" The words we italicize are simply meaningless nonsense. A branch line has a definite signification. It sets forth in general parlance, a line forming part of the system of subsidiary lines connected with the main line. The words added are evidently meant to be explanatory of the term

branch lines, written by one who did not understand what he was writing about. The meaning evidently is, that the branch line so called, must be directly worked in connection with the main railway, and that a line not connected with it could not be called a branch. The crossing, as we have shewn, has no bearing upon the case, and any attempt to interfere with an independent line, crossing one of the ten lines named in a legally approved manner is a wanton exercise of tyranny at variance with railway necessities, opposed to common sense, totally exceeding the powers given to the Dominion by the British North American Act, in no way warranted by any provisions of railway economy, and in itself covertly striking at the Provincial autonomy; so strongly and so generally entertained, that no public man would have the courage to avow opposition to it for to do so. It the would drive him from political life. We put it to any one having least knowledge of political life, if any one dare present himself before a constituency avowing contradictory opinions to those we express.

Nevertheless it is precisely in the spirit of *chicane* that the Canadian Pacific has attempted to regain the privileges which the company ceded at the last session of Parliament. Can any other language be applied to this proceeding than that it is a deliberate attempt to violate a solemn engagement?

It is not necessary to enter into the detail of the events which took place at Headingly, the point at which the Canadian Pacific employes forcibly prevented the crossing plate being put in position by the Provincial line. A large force of men were gathered to resist at all hazards the attempt. A locomotive was placed at the spot selected. At one time events looked threatening, as if there would be bloodshed. They have little weight on the argument, more than they show the determination of the Canadian Pacific Railway to defend its position by physical force. Better counsels, however, ultimately prevailed, and the dispute found its way into the courts.

We consider that in this emergency the duty of the Dominion Government was perfectly plain. They should have in no way recognized the Canadian Pacific Railway in the case as differently to other railways. If the railway had offered reasonable objections to the mode of crossing, they should have been listened to; but if the plan proposed was satisfactory, it should have been accepted. Every now and then the railway committee is appealed too for similar crossing permissions. The one duty imposed is to see that every possible condition to insure public safety is observed, and that no injury be done to the property of the railway to be crossed. We have stated the grounds on which we consider any other consideration as extra, judicial and unwarrantable. We trust our proposition may be

disputed, so that the point will be thoroughly argued out, and definitely settled It must appear astounding that the Canadian Pacific Railway should have been permitted to object under the special provisions of the Railway Act to any crossing of its line. If the objection had to be urged, it should have been solely advanced by the Government on Dominion reasons. The Canadian Pacific had no contention of any kind soever, and yet the question has been submitted to the Supreme Court at the instance of counsel for the Canadian Pacific Railway, a company without a shred of privilege.

This conduct of the Canadian Government has caused much adverse criticism. The *Week*, of Toronto, of the 29th of November, a purely literary paper in no way committed to political opinions or party views, and certainly not unfavourable to the present administration, thus powerfully exposes the condition of public feeling on the subject :—

"There is, however, one aspect of the controversy which possesses an interest of its own, independently of the legal issue.. Did the Canadian Pacific Railway Company have in view the present contention when they were negotiating with the Dominion Government for the surrender of their monopoly ? Did the Dominion Government have that contention distinctly in view ? Assuming that they did—and the contrary assumption would not be complimentary to their astuteness—how is the fact to be reconciled with good faith, not only to the Manitoba Government, but to the Dominion Parliament ? Or, if we give the company the benefit of the President's plea and admit that as their transaction was exclusively with the Dominion Government they were under no obligation to show their hand to the Manitobans or to Parliament, how can Sir John A. Macdonald and his colleagues free themselves from the imputation of want of frankness to the Manitoba commissioners on the one hand and to Parliament on the other ? It would be absurd to deny that the arrangement made with the company for the extinction of the monopoly was made at the urgent instance of Manitoba, or that the consent of Parliament to the guarantee of the Company's bonds was given simply and solely in view of the necessity of redressing the grievances and complying with the demands of that Province. In other words the one motive of Parliament was to secure for Manitoba the right to the free construction of railways within its own borders. If the Dominion Government knew or believed, as it is now tolerably certain they must have known or believed, that both the Government of Manitoba and the people's representatives in Parliament were being deceived, or were deceiving themselves in the matter, and that the consideration in return for which the guarantee was voted would

actually be withheld from Manitoba under the operation of the General Railway Act, was the transaction characterized by the frankness and good faith which are to be expected from those entrusted with the control of Canadian Legislation ? Equity is surely as worthy of being considered in such a matter as law. We should like to hear the course of the Canadian Government defended on the side of equity."

The question submitted to the Supreme Court denuded of technical verbiage was whether the statute of the Province of Manitoba authorized a railway to cross the Canadian Pacific Railway in face of the provisions of the Dominion Railway Act.

The case came before the Supreme Court in Ottawa on the 21st, 22nd and 23rd November last. Mr. Blake and Mr. C. Robinson addressed the Court on the part of the Canadian Pacific Railway, Mr. Mowat and Mr. Dalton McCarthy on the part of Manitoba. The report of the argument fortunately has been published. A perpetual memorial of the contention. The counsel for Manitoba took purely the legal view that the railways and its branches has been brought by Parliament, which was omnipotent, within the control of the Dominion, and that Manitoba could not give authority to cross a Dominion railway totally setting out of view that the crossing is unimportant and without influence on the railway policy of the Government in any way. Mr. Mowat argued that the powers of the Province to charter railways were fully admitted, and even if ever considered doubtful had been legalized by Parliament and that they would be negatived if a railway could be stopped at any point of its course. That there was no power given by the North American Act to negative any work of the character. " That it is utterly inconceivable that there was the slightest intention on the part of the Dominion Parliament to prevent any Province building the road " Mr. Mowat was desirous of adducing instances of the Railway Committee having permitted Provincial Railways to cross railway lines declared to be " for the advantage of Canada." But the Bench would not entertain the argument. It was remarked that if the railway knew all about it what was the use of asking their opinion ? If their former decisions did not bind the railway Committee, could the Bench be expected to respect them ? The fact of such things being done had no bearing on the subject. It was evident that the Bench determined on first principles to face the question in its direct bearing and import, and the country owes them a debt of gratitude that they have had, the courage and patriotism to do so. The decision of the Court is an epoch in our constitutional legislature. The judgment was given by Chief Justice Sir William Ritchie. The Court declares itself unanimously of the opinion that the said statute of Manitoba was and is valid and effectual, conferring authority upon the Railway

Commission in the statute of Manitoba to construct such a railway as the Portage extension of the Red River Valley crossing the Canadian Pacific Railway, the Railway Committee first approving the crossing, etc., etc.

Such a decision sets fully at rest the question. It is said that the Canadian Pacific Railway talk of taking further proceedings. We learn that an appeal as such is not possible against the answer given. The greatest enemy of the Canadian Pacific Railway could desire to see them perform no greater act of fatuity. We repeat in our humble judgment they have no *locus standi* in any court with regard to the crossing of their line by any provincial line. They have no ground to make an application of any character whatever, legal ingenuity for the hour may suggest. It must be the Dominion Government only who can take exception to any such proceedings. And there is we repeat nothing negative in the powers of the Dominion. The only course open in order to stop the construction of any Provincial line, would be a parliamentary declaration that the iron plate with its special provisions for public safety in some special case, is for the advantage of the Dominion, so that the Provincial line can be stayed in accordance with Dominion caprice or from some other cause. What a memesis would follow such an act of madness!

All lovers of good Government, all who desire to live under constitutional rule, all who are opposed to injustice, and to the exercise of executive partizanship, all honest thinking men must rejoice that this difficulty has been created, and that its complications have been solved by the first court in the Dominion. Those who may have hitherto hesitated to understand the necessity of a highly constituted bench summarily to decide such disputes, may now understand the useful functions it can perform. It may be remarked that during the three days the case was being tried, the court was crowded. Its generally empty benches could scarcely accomodate those who were present. By no one among this varied attendance could the leaning of the court be traced. Many felt that it was not in favor of Provincial rights. Mr. Mowat may be said to bear the palm in the argument. His address was wider less technical, and more statesmanlike, and in accordance with equity, and the homely everyday doctrine, that an engagement is binding on those who make it. He has the greater satisfaction that his argument has prevailed. Not simply for an hour, to pass away when the seat of the struggle is forgotten. The contention must remain on record as a *cause celebre* and the memorable judgment of the court, will hereafter become inseparably entursed with the provisions of our constitution to form an unimpeachable commentary on Provincial powers and rights, and the limit imposed to executive pretension.

Letter No. III.

The events described have had the effect of attracting attention to the Canadian Pacific Railway in the view of penetrating the power and influence which the Company has endeavoured to exercise. That pretension was to rise superior to the legislation of a province : to set a clear demarcation on its enterprise : to limit its effort in the development of its resources. So long as the contract with the railway gave a monopoly of traffic, it could only be looked for that the conditions would be enforced. But when by the clearest agreement, that monopoly had been abandoned for full consideration, that it should have been persevered in, can only be regarded as a violation of decency. It has been shown on what ridiculous pretension the effort has been made to impede a province of the Dominion, in a legally conceived railway policy. That it should have been permitted an hour by the Dominion Government shows a failure to understand the true issues involved. Was there equal ignorance on the part of the executive managers of the Canadian Pacific, in this attempt with an attorney's smartness to enforce a principle which once asserted, it was confidently hoped however vicious in its essence, there was a power behind to sustain ?

One of the remarkable facts connected with the Canadian Pacific is the ignorance in which the public have been kept, regarding the character of the railway, its engineering features and its condition and economy. In Mr. Fleming's day we had long elaborate reports. He found before him a wilderness of which little was known more than mere generalities ; and concerning which there was everything to learn. For many previous years the Hudson's Bay Company had been chary of information in order to retain in their grasp this preserve for the fur bearing animals in connection with their monopoly of trade with the Indians. The general belief was that it was a valueless uninhabitable territory, where the winters reduced human existence to the hybernation of the bear or the beaver. By degrees this theory passed away, and in the end the mastership of the territory was transferred to the Dominion. The geography however remained unknown. Accordingly when the proposed railway was discussed there arose different views as to the route to be followed and with regard to the terminus on the Pacific. It is not our object to revise any of these disputes and allusion to them is only made to show that the record of them exist, in Mr. Fleming's full and lucid reports. Any one with some hour's study can there learn all the arguments in favor of Burrard's Inlet and Bute Inlet, the impossibility of a railway connection over Nunez Island to Vancouver Island ; also the

unanswerable argument in favour of the route selected by Mr. Fleming by Yellow Head Pass. Indeed during the whole period of his holding office as chief engineer, we had full reports of what was being done, and the public had nothing to learn.

Since his retirement we are entirely without information. No special report has been made by the Railway Department, or if made it has not been published, and nothing more superficial than the statements in the departmental reports can be possible No satisfactory reasons have ever been given for the change from the low pass and the easy grades with the freedom from snow obtainable by the route by the Yellow Head Pass to the extremely heavy grades at Kicking Horse Pass, of what is called "the temporary line," and the dangers of the Selkirk range from mud and snow slides, the monument of the dread, which remains in the series of massive snow sheds constructed to escape these avalanches. If any one fact of British Columbian geography was known it was the low level of the Yellow Head Pass as the gate of the Province. It was the mode of entrance by which the territory was approached and its interior penetrated. Not simply from the east, but alike from the west, canoes ascended the River Columbia to the northern bend, known as the boat encampment, and ascending the tributary stream, they found their way to Yellow Head Pass to obtain access to the Fraser and other parts of the territory.

There has never been any valid reason given in accordance with common sense and sound engineering principles, as they are understood by laymen, for the abandonment of this pass, and the route leading to it. The grades throughout, were limited one in one hundred 53 feet to the mile, with curves of a large radius none being less than about a quarter of a mile.

On the Kicking Horse route the grades were immediately made more than double in elevation, being raised to 116 feet to the mile. What the curves are limited to, has never been stated. No table of grades and curves have ever been published. The knowledge of their character is that of an unknown land. Mr. Blake endeavored in vain to obtain the information. It has been said that he had the sections sent him to the Committee room. That was not the form in which the information should have been given. A proper descriptive table should have been made in the way such detail is set forth, so that it, can be understood, grades and curves being classified. It has been publicly stated that throughout the whole line the curves are very sharp, some as low as 450 and 500 feet are admitted. Through the mountains they are confessedly of small radius, and the grades of the temporary track are in some cases 3 feet to the 100. The report goes

that the curves become sharper as the railway passes west, till the mountains are reached, and then comes the minimum of curvature and a formidable maximum of grade.

Wealth has always had and always will have its influence and the Canadian Pacific from the patronage it possesses is enabled to wield extraordinary power in all directions. Where does this power not penetrate, when it is desirable it should be exerted? The line has become to be a dangerous question for politicians whose policy is not to disturb matters which sleep, and we can hope to-day to get no more information through the House of Commons than we did years ago. The reason assigned for abandoning Mr. Fleming's line, is that a route one hundred miles shorter has been found. It has been however only proved to be about twenty-five or thirty miles less, making allowances for the improvements which could have been obtained on the first location of Mr Fleming. But from the increase of grades, and the consequent demand for increased power of traction and expense of working, relatively speaking, the present route is equal to a longer line than Mr. Fleming's location, which in this respect had everything in its favour.

It may be said that this is the refurnishing of the rusty arms with which the railway was attacked five years ago. The point of their origin is of little consideration. If they are to be remembered to-day, it is owing to the aggressive attitude of the railway and the indifference shown by its managers to all public opinion. They act as if irresponsible. In their late difficulty they organized a mass of men and placed them on the ground to prevent by force the simple introduction of the ordinary iron crossing plate in their line, as if the whole welfare of the Company was at stake on this simple proceeding, examples of which are to be found all over the continent within every ten miles.

The country desires a much fuller report of the condition of the Canadian Pacific Railway from Calgary to Fort William, and from Selkirk to Kamloops, than at present it possesses. The portion executed by the Government is known in all its characteristics. Indeed the company received a large sum of money to complete the embankments east of Selkirk, and the information possessed on this subject needs little addition.

It is not the case with the Canadian Pacific proper. To obtain the information which the public have the right to expect, it is necessary for statements to be made of the grades ascending and descending, of the number and radius of the curves, the iron bridges permanently constructed, the wooden bridges, which cannot be held to be permanent, the trestle work, where introduced, the length, the

height, the form of construction, the date of construction, the steps taken to bring these localities to the condition of permanency, in the way of embankment, the extent of siding in each station, what works are required for the completion of the line, and what steps are being taken to remedy the condition of the "temporary track." There ought to be no undue desire to press upon any railway the full completion of its obligations. All railways require time and expenditure to bring them to a satisfactory working condition, and it is an injustice to exact undue rapidity in the perfection of the work. But a country which largely subsidises a railway has a right to exact that the agreements entered into be fully fulfilled and to be informed truly of the condition of the enterprize.

In the next we will consider the right Canada has to make such demand on general principles. It may be argued that every contract must be satisfactorily fulfilled. The Canadian Pacific Railway has been constructed on the principle that it will compare favorably with other lines to the Pacific coast, a vague unsatisfactory standard the reverse of elevated. With the advantages we possess of an assured route by the Yellow Head Pass 3,270 feet above tide water, that we should have abandoned it, can only be regarded as a national misfortune. With many disadvantages to contend against, the other Pacific lines have done their best to remedy these extreme grades. The Mullen tunnel and the Bozeman tunnel on the Northern Pacific have been constructed to do away with the extreme grades over the mountains, through the first summit from the Pacific and the Yellowstone Spur. All that we can learn is now being done on the Canadian Pacific in this direction, is the one effort, the construction of snow sheds over the Selkirk range.

We have no official statement if any delay has occured from the mud and snow slides on the mountains. No report has been made by the Government, even if any has been demanded and been received in the Railway Department. No one can blame the railway company for not volunteering information on such a subject. The managers command the telegraph and the whole place is under their control. No one can remain in the neighbourhood, if opposed to their policy. The small population is at their mercy. There is nothing to bring any irregularity to public attention. If at Winnipeg there is reason to believe that there is difficulty in passing this locality, the mail to Victoria, can at once be transferred to the North Pacific Railway, and reaches its destination with some hours delay. The whole country west of Winnipeg, is involved in the prosperity of the Canadian Pacific, accordingly the ordinary public learns nothing of what happens in this respect. Stories, however, reached the outer world of the railway

being encumbered at the Selkirks, of loss of life and of delay of some days, in instances extending over three weeks. The public have a right to know if there is truth or not in these reports. The simple way of giving information on the subject is to set out the delays, their date and the length of time they lasted. There may have been no delays. Then the railway has been calumniated and no objection may be urged against the route over the Selkirks. It would follow then that the fear of snow and mud slides was illusory, and that the sheds constructed were simply as a wise precaution taken in view of public safety in all respects perfectly successful.

Public attention has been directed in a slight degree to the subject. The line has been running nearly three years and nothing is ever heard of anything being wrong, and it is not anticipated that difficulty may arise in any form. There are those however, who study the resources of the country, and do not accept the fool's paradise of considering that all before them is right on the railway, on the contrary who turn their attention to the future and give some examination to prospective consequences. It ought clearly to be established, if the Selkirk range is what it has been asserted to be, in all respects safe and unobjectionable. The temporary grade of the Kicking Horse may be relieved in some form by an expenditure of money, at least so it is confidently stated. But there are objections and risks which no money can remove. The Canadian Pacific owe it to themselves as well as the public, clearly to establish the character if this is or not the case in the Selkirks, and to set speculation on the subject beyond a doubt.

The contract of the Canadian Pacific Railway is to complete the work of the railway and thereafter forever efficiently maintain work and run the railway.

There has been no indication that the company desire to depart from these conditions. But is there anything to prevent them giving the line over to the Government under circumstances which may occur? Can any one picture the consequences in such a case? What then would be the obligations of the Dominion, its duties, its responsibilities, in accepting the offer?

These are very serious questions to be temperately asked. It cannot be denied that our knowledge of the condition of the railway is of a superficial character. From the time of the contract being passed on the 21st October, 1880, the information given to the public has been slight. We do know what consideration the company received. We do know that the company changed the location from the Yellow Head Pass. We know the line was opened in July, 1886, nearly five years in advance of the time agreed, on 1st May, 1891.

We have received accounts of the receipts of expenditure in the reports to shareholders and bondholders.

The stake of Canada in the Pacific Rail way is great; the situation of the line of paramount importance to the Dominion. In the next section, I will proceed to examine the extent of this interest and what the policy of the railway has been in other respects, for although bearing the name of the Canadian Pacific Railway, it has extended its interests and connections to such an extent as to put out of view the purposes for which it was incorporated.

Letter No. IV.

It is pertinent to examine into the relations between the Canadian Pacific Railway and the Dominion, in order that the relative obligations between them may be understood and examined. The contract was signed the 21st October, 1880. Setting aside the detail of the agreement, the Company is bound to construct a railway from Callander station near the east end of Lake Nipissing along the north shore of Lake Superior to the constructed line at Lake Superior, and from Selkirk to Kamloops: the character of the railway and the materials used in its construction, with the equipment of the railway to be regulated by the Union Pacific Railway "when first constructed." No more extraordinary words were ever introduced into a contract for nothing more vague can be imagined. At what date, and in what condition was the Union Pacific Railway accepted as satisfactory? The clause places the country to a great extent at the mercy of the contractors. Any excessive grades and objectionable curves, any abnormal expedient, any vicious principle which has crept into the construction of the United States railway named, by these words, become justified, accepted and unchangeable on Canadian soil. If railway construction had been in the infancy of the art, then some excuse might be found for the acceptance of vague and general obligations. At the present day there is neither ground nor excuse for any such departure from the wise policy exacted by sense and called for by experience. There should have been a specification attached to the contract clearly setting forth all the requirements which prudence should lay down in railway construction. It was an arrangement on which no mystery should have been permitted, the character of the road, the width of its cuts and embankments, the limits of its curvature and grades, the form of tie and the weight of rail, the nature of its bridging and culverts, the conditions under

which trestling would be permitted, and the steps to be taken to make them undutibly safe; all these requisites should have been unmistakeably specified. The record of this contract must ever remain a discredit not to those who drafted the agreement in the interest of the company, for the cunning of these few words is simply unfathomable, but to those who represented the Dominion in the transaction and appeared in the House of Commons to defend the agreement and effect its consummation. Of the majority in the House of Commons sustaining the Government, few could understand the technicality involved in the latitude permitted. On that subject they trusted to the executive. The specious argument that the matter might safely be left to a company who were assuming obligations for ever, had weight to bear down all opposition. Nearly nine years have passed since the acceptance of the conditions. Looking upon the event as a matter of history, the extent to which the Dominion has placed itself in the power of the company is apparent, by the clause that whatsoever can be proved to have been admitted on the Union Pacific, however objectionable, however discordant with true principles of construction is representative of what the Canadian Pacific is held to perform.

No argument in favour of the Dominion can be advanced that subsequent improvements have been introduced to sustain an objection to what is inexpedient. However necessary and indispensable such changes in themselves may have been, it cannot be argued that they are required on the Canadian Railway. The answer to the Dominion by the directors is plain, they have complied with their contract, they distinctly accepted the condition of the Union Pacific at a certain date, as that by which they should be regulated." Is the demand of the Dominion in excess of that requirement? If it be so, and its execution be desirable the directors will demand payment for carrying out the views of the Government.

Is the Dominion so entirely at the mercy of the Canadian Pacific in this respect? The question is worthy of examination. On one point the Dominion are not responsible: The change of route. The executive managers of the railway abandoned the northern route of Mr. Fleming, selected by the Government, established to be feasible, with every advantage of grade and curvature. On their own impulse and in accordance with their own policy, they entirely changed the location. It follows then all the responsibility attributable to this proceeding falls upon the Canadian Pacific Railway. If they be called upon for instance immediately to amend what is called the "temporary grade" down the Kicking Horse pass, and should it be held to be necessary to place the railway beyond the influences of the mud and

snow slides, which are said to be threatened on the location across the Selkirk range, the country surely cannot be referred to the Union Pacific in justification of this condition, on the plea that at the date mentioned there were grades fully equal to those the company have introduced and that on that line there is the same danger from snow. The managers cannot tell us that they have fulfilled their contract with the country, and that if it be determined that the objections specified are to be removed they must demand payment for the cost. The reply to any such pretence is plain and unanswerable. country found the contractors for the railway a line on which none these objections presented themselves. On that line they based their contract with the railway managers. On the vague clause which Parliament accepted the company by its own desire and it is a matter of history, without proper previous investigation, made this change. On the company only the responsibility of the measure rests. The change of location, throws on the contractors all responsibility for any deterioration of work incident to the physical geography of the country passed through by the new location. The Dominion accept no responsibility on this point Indeed it distinctly repudiates it. If the country exacts the removal of these extreme grades, it must be at the cost of the company. If public safety demands that the line over the Selkirks be departed from, it is not the Dominion of Canada which can be called upon to meet the expenses, for the country was purely passive as to location being made there. Moreover the representation on which the change of line was permitted has not come to pass. It was represented that the railway would be shortened one hundred miles, whereas the saving of length is little more than a quarter of that distance and relative to the first line selected owing to increased curvature and grades, it is longer in the view of the railway power exacted its traction and the time taken to make the journey.

The obligations incurred by the Government will be best shown by what has been paid.

A bonus in cash of	$25,000.000
Lands granted, 25,000,000 acres. Of this extent of territory 10,065.763 acres have been sold, fetching	18,614,693
14,934,237 remain unsold, value per acre $2	29,868,474
	$48,483,167
Government lines given over to the Canadian Pacific, viz., from Lake Superior to Selkirk, and from Kamloops to Fort Moody, set forth in Government balance sheet, 1887	36,760,785
	$110,243,952

Thus the the company has $73,483,167 as a bonus towards the the completion of the number of miles it has constructed, viz., from Callendar to Fort William, 656; from Selkirk to Kamloops, 1,277. Total, 1,933 miles, at the rate of $38,015 per mile.

The operations of the Government furnish an example of cost, which we may profitably consider. It is as follows: The portions of line completed by Government are—From Lake Superior to Selkirk, 408 miles; from Kamloops to Fort Moody, 215. Total, 623.

This heavy work may compare with anything which the company had to undertake, including all charges, all miscellaneous matter, all the contingencies affecting work and chargeable to it on all occasions, a considerable item, and especially on the part of a Government. The cost was $36,760,785, a trifle under $59,000 per mile, including some imperfect equipment.

Those figures may be profitably applied to the Canadian Pacific Railway.

The work may be divided into three classes: From Callendar by Lake Nippissing, passing north of Lake Huron and north of Lake Superior, to Fort William, 656 miles; from Selkirk towards Calgarry, say 800 miles; thence to Kamloops, 477. Total, 1,933.

In one of his communications to the Government, Sir George Stephens stated that 1,131 miles of railway had been constructed at a cost of $23,078,929, the average cost per mile being $20,406, consequently of the Dominion bonus there remained to be expended on the remaining 802 miles $40,405,238, being $50.380 per mile.

With these figures the liberality of the grant of the Dominion may be estimated.

The directors of the company issued shares to the amount of $65,000,000, on which during construction five per cent interest was to be paid.

In the balance sheet of 1885 the cost of the road is set out at...	$107.251,468.87
Equipment	9,344,297.41
Construction, plant, tools and outfit	130,812.38
Real estate	415,581.64
Total	$117,141,160.30
Deducted Government bonus	73,483,167.00
The balance	$43,657,993.00

remains to represent the cost of the railway and equipment to the company as the additional money expended, represented by the $65,000,000 shares.

The cost per mile average of the whole line has been about	$55,778
The equipment nearly	4,859
	$60,637

being in access of the cost of the work of the Government at the terminal point of the Pacific coast, and across the rough and broken country west of the Lake of the woods. At both places the work was exceedingly heavy and at the time more expensive from its difficulty of access, a disadvantage not experienced to the same formidable extent during the operations of the company, For the work in their case could be approached from both ends.

The figures given by the Canadian Pacific show the important fact that the country has constructed the greater part of the cost of the line.

Expended by the Government of Canada at the western terminal points	$36,760,785
Total expenditure of Canadian Pacific Railway as set forth in balance sheet 31st December, 1885	117,141,160
Total cost of construction and equipment of line	$153,901,945
Bonus in money and land paid by the Dominion Government	110,242,952
Total disbursements of the Canadian Pacific Railway	$43,657,993

Consequently the Government of Canada has borne five-sevenths of the total cost (110-154) the company two-sevenths (44-154) the fee simple of the railway remaining in the hands of the company.

No mention is made here of the loans and the other money assistance given by the Government to the company.

Having stated the actual cost of the Railway $55,778 per mile, on the whole length constructed by the company, I revert to the report of Mr. Van Horne, 16th September, 1884, and that of a Mr. Reid, of Illinois, dated 9th September. The one published in the Montreal *Herald*, the 27th September, 1884. The letter of Mr. Van Horne vouches for the accuracy of Mr. Reid's statements.

Mr. Reid's estimate for the heaviest portion of the work is as follows:—

West Kamloops Lake to Griffin Lake 138 miles, average cost $21,265..	$2,975,970
From summit of gold range to summit of rocky range 150 miles, average cost $33,000	4,950,000
	$7,925,970

Being an average of estimated cost for the distance of 288 miles of $27,520

There is one point in connection with construction which has puzzled railway managers. If there be a subject which has commanded

attention without difference of opinion, it is that of maintenance, and there is a common accord with regard to the principle of carrying it out. There is no dispute in this matter as in that of freights, no antagonism as to prospective possible advantage, no struggle for supremacy over a given district. There is a common desire to reduce expenses, to bring this necessary outlay within the narrowest limits and to practice the most severe economy. It is evident that the Canadian Pacific have discovered a new method of carrying on this duty.

Their public accounts show in the last three years the cost to have been per mile, 1885, $240; 1886, $293; 1887, $401. The indispensable expenditure established by the operations of other companies ranges from $800 to $1200. Taking fourteen of the principal lines on this continent, during the last three years the largest annual expenditure has been that of the Boston and Providence in 1885, $3250 per mile; the lowest the Chicago, Milwaukee and St. Paul are $520 per mile. The Union Pacific averages about $853. The Grand Trunk about $850. The Illinois Central $671. This is the lowest cost per mile reported. As a rule it is above rather than below $1000 a mile in instances reaching $1500 a mile.

With such returns as the Canadian Pacific Railway shew in this respect, the managers must have been the envy of the whole railway interests of the continent. It may be inferred that they will be able to realize a handsome *douceur* by communicating the principle on which they effect the saving, of course assuming that their answer will be satisfactory.

We have to-day only dwelt on the relations with the Canadian Pacific proper, with the country. The additional lines engrafted on the company are in no way involved in the original contract, and cannot properly be brought into relation with it. I will attempt in the next paper the examination into these obligations, their character, extent and cost, the outlay they have exacted, and the responsibilities they entail. My purpose in this paper has been to show the relation of the Canadian Pacific Railway proper to the Dominion, in the sense of the reciprocal obligations which have arisen, and under what circumstances they have been contracted. As has been set forth the contract was to construct the line from Callendar to Port Moody, less the parts undertaken by the Government viz, 623 miles west of Lake Superior and east of Port Moody, leaving the company to execute 1933 miles, for which the subsidy in cash and lands of $73,483,167 has been paid. This was the one contract which alone has to be considered by the Government in any negotiations with the Canadian Pacific Railway, a fact jealously to be borne in view, never to be departed from.

Letter No. V.

We have now to turn to the several additional connections of which the Canadian Pacific Railway has obtained control or has constructed since its charter was granted, so as to bring its system within a few miles short of 5,000 miles.

These lines and branches are as follows :

	Miles.
The Canada Central Railway extending from Brockville to Callendar	243
Quebec & St. Martin's Junction and Branches	208
Montreal to Ottawa & Branches	133
Ottawa to Carleton Junction	28
Montreal to Toronto	347
The Credit Valley system	
Toronto, Grey & Bruce system	192
St. Lawrence Bridge & St. John's Atlantic & North Western Railway system	
Prescott to Ottawa	53
Algoma Branch to St. Mary	
Manitoba & South Western Railway	

It would be of advantage if it were possible to consider the traffic returns of the Canadian Pacific Railway apart from the other connections so that its true character could be known and estimated, as is the case of that of the Intercolonial Railway. From the circumstance that the company regard the line to the Pacific only as a part of their system, and the results of their operations are given as a whole, the precise influence of the Pacific Railway on the commerce of the country can only be imperfectly known.

We have before us the annual reports of the company, which throw such light on its position as we may obtain.

It has been said that the Canadian Pacific railway stock consists of shares amounting to $65,000,000, on which the sum of three per cent, annual interest, is allowed. This dividend has never been paid out of revenue : $1,950,000. In the circular of the 29th December, 1883, the President, Sir George Stephen, estimated that an additional two per cent. would be paid during construction, bringing the rate of percentage to five per cent. There is nothing in the accounts to show how much has been so paid. So far as the reports are a guide to us the dividend is a charge upon capital: if the 5 per cent. be paid annually of $3,250,000.

The returns of the Canadian Pacific for the years 1886 and 1887 are as follows :

1886—Earnings, $10,081,803.59—Expenses, $6,378,317.05—Net revenue, $3,703,486.54—Fixed charges, $3,068,041.84.

1887—Earnings, $11,606,412.80—Expenses, $8,102,294.64—Net revenue, $3,504,118.16—Fixed charges, $3,250,263.81.

These returns give a net profit :

1886	$635,444 70
1887	253,854 55

It is proper in view of the public interest and the relation of the Government to the Railway to analyse these fixed charges :—

Capital Liabilities.	Amount.	Interest.
First Mortgage Bonds, Canadian Pacific Railway	$35,000,000	$1,750,000
Canada Central Railway	1,823,333	109,500
Province of Quebec, Quebec, Montreal, Ottawa & Occidental Railway	3,500,000	175,000
Algoma Branch	3,650,000	182,500
	$43,973,333	$2,217,000
Leased Lines—		
Ontario & Quebec Railway Debentures	9,890,000	494,500
" " ordinary stock	2,000,000	120,000
Debentures issued on—		
Smith's Falls and Montreal Short Line, Western Ontario Pacific Line, St. Lawrence Bridge	5,304,667	265,233
Atlantic and North-Western Railway—		
St. Lawrence Bridge to St. John's, 1st mortgage	430,000	21,500
St. John's to Farnham, 1st mortgage	288,900	14,445
Manitoba South-Western Railway	2,544,000	127,200
North Shore Railway, Quebec to Montreal Junction	3,936,053	196,802
St. Lawrence and Ottawa Railway	973,333	38,933
Toronto, Grey and Bruce Rental		140,000
Interest on $15,000,000, 3½ per cent Bonds guaranteed Dominion Government in 1888, on security of lands		525,000
Total		$4,160,613

Query—

As to interest on Bonds yet to be issued on account of Expensive Montreal Entrance, say $100,000.

Also—

Interest on Expenditure on the Short Line to Lower provinces, in excess of Government guarantee of interest, say : $150,000.

Towards the and of last year, an article appeared in the "Bullionist" of London which attracted great attention in money circles. It set forth ten months of the year's traffic of 1888, was known, and estimating the whole year's return on this basis, the total amount for the year was set down at $11,606,412. The working expenses similarly calculated, gave the amount as $7,925,000. The fixed charges were returned at $3,680.138.

On this basis the estimated surplus was twelve hundred and seventy-four dollars ($1274), when we come to, estimated figures of this extent, giving such a small result, it is by no means certain that the surplus may not be a deficiency.

Nothing has been said in the above statement of the guaranteed interest on the 65,000,000 of capital shares. It is a well known fact that the sum of $15,942,645 was deposited by the Company with the Canadian Government as the fund for the payment of interest, for ten years from August, 1883. Such shares are described in the official list of the Stock Exchange, London, as guaranteed by the Dominion Government to 1893. From that date no guarantee is extended. There is accordingly no ground for applying to the shares the character of a guarantee more than this limited recognition. Is it likely that it will be renewed? We do not believe any Government could bring such a proposal before Parliament.

Last year the Canadian Pacific again appealed to the Government for help. In the fact of the figures we have given of the munificent aid granted by the Dominion, it may be well asked under what circumstances such an application could have been made.

If the emergency had been one affecting the Canadian Pacific Line, there might have been some recognition to the call for sympathy and help. The figures given in these papers shew that the Dominion has actually paid five-sevenths of the whole cost of the construction of the Pacific line proper. There are many who consider that the Dominion subsidy was sufficient to build the entire Railway, and certainly not without apparent reason. The published accounts of the company, set forth the total disbursements to have been under $44,000,000 against $65,000,000 of nominal stock, and $35,000,000 of bonds. It was not then from any embarrassment in connection with the Pacific Railway that aid was asked. Nevertheless the assistance was given in the form of a guarantee of $15,000,000, 3½ per cent land grant bonds. This consideration was however only obtained by the removal of the restrictions contained in clause 15, of their original contract, by which the monopoly of traffic to the west of Red River was sacrificed; a concession which admitted the construction of lines, in connection with other systems, by which the traffic of the territory will be more or less obtained.

It was in the face of this clear, well considered and thoroughly understood agreement that the Company endeavoured to oppose the introduction of an ordinary crossing plate, in its South Western branch, so as to prevent the construction of the Northern Pacific branch to Brandon, endeavouring to twist and pervert the clause of a badly written railway act to its own profit. Had it succeeded in the attempt,

the legislation of the last session of Parliament would have been of no account. Although receiving consideration to abandon its monopoly, the Company would have been able to retain it by a contemptible technicality, and it was not from want of effort that the attempt failed.

For what purpose was this fifteen millions required? Not for any work in connection with the Pacific Railway, from Winnipeg to British Columbia. Large disbursements are undoubtedly required to complete much which is defective in the existing line. All such requirements however, at least for the time are laid aside. The whole energy of the Company is given in endeavouring to complete its system to Chicago · running a line side by side, with the Grand Trunk from London to Windsor, in order to be able to reach Detroit, on a branch of its system, a distance of 110 miles. There is a proposition to run a line from Toronto to Niagara, 83 miles, and paragraphs have appeared within the last few days, in the newspapers that the Pacific Company has determined to bridge that river as it has done the Saint-Lawrence at Lachine That it appears the "construction account" is never to be closed, always to be available and open, as such accounts are.

What claim can this policy make with the Canadian Government? What is there at stake that Parliament should intervene? Why should the country come to the rescue again of a company which has lavished its resources in lines having no connection with the scheme for which the company received its charter, was created and was subsidized. Not one scheme of the Company but has been subjected to unfavourable criticism. Not one has supplied a national want. The railway from Toronto to Smith's Falls, from within six miles of the latter town to within a short distance from Peterborough for upwards of a hundred miles, passes through a rough broken country, dreary with rock and stunted timber, the land unfit for settlement. When the railway approached Toronto it could enter neither by the east nor west except by the favour of other lines: The consequence was the acquisition of the Toronto, Grey and Bruce system, but that has been found insufficient and hence the necessity is suggested of carrying on important works to enter Toronto by the Don River. Another consequence of the project, is to carry the Toronto Esplanade an additional width into the Bay to admit of the Canadian Pacfic obtaining a right of way, the expense to be divided in proportions between the railway and the Corporation. All this effort, this labour, this expense is explained in the one fact, of the necessity of obtaining a direct connection with Chicago. As has been remarked it is difficult to see with what end in view this policy is perserved in more

than to reduce the already low price of freight, to what extent a connection with Chicago can be appealed to as incident to and as a necessary part of the subsidized Canadian Pacific Railway to the Pacific in the interest of the Dominion is certainly a hard matter satisfactorily to explain. There has been likewise the effort to obtain a connection with Saint Paul with the bridge over the Sault Saint Mary—the line through Canada was constructed at the expense of the Canadian Pacific, and to make its position in this respect unassailable, it had to obtain a controlling interest in the line through the United States at a great expenditure.

We take no account of the lines to the East through the State of Maine to Saint John and to connect with lines proposed to run to Louisburg and Sydney, in Cape Breton. They have hitherto been kept distinct in name from the Canadian Pacific, although the interest which controls them is said to be the same that of the Canadian Pacific.

The stock of the Canadian Pacific has four years guaranteed interest of three per cent. The value of such a security is about eleven and a half per cent of the shares it represents, so far as the interest alone is concerned. The shares otherwise have to stand upon their merit.

The history of this enterprize suggests that with prudence and skill it might have been in the hands of able, conscientious men. Few schemes have been started with more favourable auspices, few promised more assured success. The true policy of the managers of the Canadian Pacific was to have limited its operations to the work before them, and to have identified its existence with Railway performing the service required in the localities of their construction and not to have embarked in a dangerous, reckless, imperfectly considered policy of aggression. By means of the Canada Central the Pacific Railway obtained a connection with the Saint Lawrence, with the Grand Trunk and the main arteries of the country. It was connected at Ottawa with the Quebec line. These were its assured and certain feeders of the trade of which it possessed the monopoly. The Company had only to wait for other connection to come to it, as was certain to be the case at Callendar from Toronto, and all other enterprize truly in relation with itself, it had the power of controlling. There is however, a potency in the magic words "capital account" difficult to resist. Who can penetrate their intricacies? Who can fathom the turns and twists, the side issues, the indirect gains and all the "potentiability of wealth" involved in their working, give time only to such operations and the mystery connected with them becomes unfathomable. Those who have watched the

operations of the Canadian Pacific can easily perceive that the opening of another capital account means another issue of bonds and obligations. But to all things an end must come. Money cannot be found for ever and the settlement day, not unfrequently arrives sooner than it is looked for. It is often precipitated when least expected. Some slight event awakens public attention, which in its character may promise no remarkable consequence. There is an old proverb, great events spring from small causes, and who can say were the attempt of the Canadian Pacific to prevent by force, the introduction of the crossing plate at Headingly to stay the construction of the branch of the Northern Pacific and Manitoba, with the Manitoba and North Western at Brandon may not lead. No prophesies can penetrate the future.

LETTER NO. VI.

A claim has been advanced on the part of the Canadian Pacific Railway Company to which it is necessary to refer ; and the subject requires delicacy and judgment in its consideration. I allude to the objections raised on the part of the Company against the condition and character of the Western Sections executed by the Government and given over to the Company : A protest involving either a money demand for the expenses inevitably to be entailed on working and maintaining the line; or the claim that the shortcomings set forth are to be remedied. The precise sum involved has not been stated, but it is said to reach a very high figure; an opinion warranted by the great expenses already incurred, in the prosecution of the claim. The matter has been referred to arbitration, and for some months, examinations have been made by engineers on one side to prove the allegations advanced by the Canadian Pacific Railway , on the other to sustain the cause of the Department of Railways. Any attempt to influence the decision of the arbitrators would be indecent in the extreme. The case at this date is not open to criticism: indeed the evidence given has not been published, so the merits of the claim can in no way be discussed. In every dispute at law, there are, however, certain preliminary considerations, which are public property and it cannot be held to be an interference with the course of justice, if an attempt be made to examine into the grounds on which the claim has been preferred. Consequently in the common interest of all concerned, I propose impartially to examine into the nature of the dispute and the principles which it involves.

It is to be hoped that a careful record of the proceedings will be kept; it is certain that whatever the decision, it will be closely scanned and weighed.

As no official documents have been laid before Parliament, we are without precise information as to the nature of the Company's demand. We are able only to deal with generalities: even in this form there is sufficient to awaken strong public attention. In accordance with the contract the Department of Railways constructed the heavy work of the most western 215 miles, from Savouna to Port Moody. The contract was carried out by Messrs. Onderdonk & Co.; on the completion of the work, it was finally accepted, and the railway transferred to the Company as complete fulfilment of the Government obligation.

The managers of the Canadian Pacific, so far as their claim can be understood, contend that such is far from being the case, that the line given over to them is inferior in character to what they have a right to expect. When the documents are published, we shall clearly know on what ground the pretension has been advanced. We may then look for the specification in each instance of the deterioration of the work represented as apparent and it is to be presumed, in order for the claim to be considered, each item in dispute will set forth the amount of money necessary to repair the imperfection in itself specially detailed.

The first serious of contracts under which the works were executed are set forth in Mr. Fleming's report dated 8th April, 1880, p. p. 318, 324. The first of these contracts was given out on the 15th December, 1879, the last on the 15th of March, 1880. They embraced 127 miles from Emory Bay Tale to Savouna Ferry. When the matter came before Parliament on the 15th April, 1880, Mr. Blake moved as an amendment to Sir Charles Tupper's motion, to go into Committee of supply that the work should not be proceeded with. Sir Charles Tupper stated that the amount of the contract was $9,167,000, of this amount, one million of dollars was for contingencies, but he considered that the amount might be reduced by limiting the curvature and increasing the grades, and during the Debate, the proposal was generally accepted that the work should not be to expensively constructed, as at first designed, economy being desirable. The character of the railway was consequently established, at this date, before there was any proposition for a transfer of the Railway to a Company: a clearly defined policy on the part of the Government widely published. The Debate was continued until the 20th of April, when the amendment was negatived by 131 to 49.

The contract for the continuation of the line 86½ miles from Yale to Port Moody, was given out the 15th February, 1882.

The first notice of the policy of the Government, to assign the construction of the Pacific Railway to a Company, in preference to authorizing the Railway Department to give out the work by contract, took place at a political Pic-nic on the 29th of June at Bath, in Ontario, when Sir John Macdonald, the first Minister, stated that negotiations were being carried on at Ottawa with Capitalists to arrange the terms by which the Railway would be completed

The meeting of Parliament took place on the 9th of December, 1880. After the speech from the throne had been answered the first Minister laid on the table a message from the Governor General, including the contract entered into with a Syndicate for the construction of the line. The contract was dated 21st October, 1880. It did not however receive the assent of Parliament until the 15th of February, 1881.

The ultimate transfer of the sections of railway then under contract is set forth in section 8 in these words, "upon completion of the remainder of the portion of railway to be constructed by the Government, that portion shall also be conveyed to the company, and the Canadian Pacific Railway, shall become and be, thereafter the absolute property of the Company."

Thus prior to the determination of the Government to transfer to a company the construction of the railway, the sections named had been placed under contract, and the work was in progress.

The presentation of this claim involves the charge that the sections, constructed by the Government, are inferior in many respects to the character of the railway the Company had the right to expect, and that the Department of Railways has executed the work at a lower standard than the debates in Parliament, and the engagements of the Minister suggested. There does not appear to have been any positive agreement on the subject. Doubtless the Department has exacted a specification of the deficiencies complained of. A vague general tone of depreciation is valueless. In a dispute at law, each item of special damage must be proved, sustained by fact, and established by evidence, a deficiency cannot be imaginary. It must be positive, palpable and perceptible. Any injury either of aggression or neglect, or through inferiority of execution of a contract, admits of clear specification so it can be made known, and be understood, and if established, the value of the remedy may be applied. The wrong must be clearly made known.

How is the fact of such wrong to be established ? We conceive without injustice this query may be asked. It appears to us that the standard must be sought in the contract between the Government and the Company. The words used there may be profitably repeated ;

were they are taken from section three, " in order to establish an approximate standard whereby the quality and character of the railway and the materials used in the construction thereof, and the equipment thereof, may be regulated ,the *Union, Pacific Railway of the United States as the same was when first constructed is hereby selected and fixed as such standard*.

Have we or have we not in these words the standard by which the Government work ought to be judged ? Is it to be said that in these last 215 miles, appeal is to be made to lines of the character of the New York Central, the Grand Trunk or some Railway in an old settled part of the Continent, while for the 2341 miles of the remainder of the line, from Callendar to Savouna, the work executed by the Company is to be in accordance with the Union Pacific Railway, when first constructed. In short may not an appeal be made to the condition of the Canadian Pacific Railway itself, throughout its extent as representative of the work which the Company has the right to exact on the sections executed by the Government ? It is plain that wherever sought for this standard is indispensible to the correct determination of what the condition of the section under discussion should be. The work can only be judged by some known and established example. It is not possible to avoid the enquiry according to what principle its character must be considered, from what source these principles are deduced, and by what argument they may obtain recognition.

There ought to be and can be no desire to wrong the Canadian Pacific in any respect. The subsidy given to the railway has been generous in the extreme. It may be said to be unprecedented in amount. During the progress of construction every concession has been made and every assistance given to the Company. The country, however, has the right on its side to exact that the agreement into which it has entered be not interpreted, so as to include obligations, unsustained by clearly expressed conditions, and that the whole circumstances, under which the engagement has been made, be taken into full account with the facts, the evidence, and the evident purpose of the contract : and that there be no strained rights claimed, on abstract general principles. A further remark may be made on this point. Whatever that decision may be arrived at, it should not be placed on a money equivalent. No money should be permitted to be paid to the Canadian Pacific, and no compromise listened to, involving a cash settlement. If the complaint that the work accepted be of an inferior character, is decided in favour of the Company, the Department should be held to make good what has been pronounced to be defective. It is not a question of injury or damage committed. The

pretension is that the work is not equal to the standard agreed on. If the decision be that the facts justify the Pacific Railway looking for a higher class of roadway, the work must be brought to the admitted standard. If it be held expedient that the new work should be executed by the company, money only should be paid on the Engineer's estimates as the work proceeds. No sum of money should be transferred to the coffers of the railway for future disbursements; the payments made should be directly applied to bring the permanent way to the condition in which it has been declared the Government was bound to surrender it to the Company

No event in connection with the history of the Pacific Railway has been looked upon with more general interest than the prosecution of this claim we have avoided passing the slighest opinion regarding it and have confined our narratives to facts and dates. The decision once known, then the contention is public property, and with fairness the whole matter may be subjected to criticism, as any other public event We have felt, however, ourselves justified in laying down two important principles: one, that it is indispensible, previous to the investigation of the facts, and perfectly independent of them, to establish the standard of the character of the work which the country undertook to perform. Secondly when the report has been made it should be distinctly understood, that if in favour of the company, no payment of money should be made as an indemnity but that a sum being named to repair the deficiency, that the Department of railways, either by the Pacific Railway Company or otherwise should take steps to make good what is wanting, and the money be only paid in accordance as the work is executed.

If the Pacific Company has the imperfections of which it complains fully remedied, it will receive full justice. This rectification may be little or much; but be the award what it may it must alone be governed by this principle. As any such money has to be voted by Parliament, care must be taken, that it be distinctly set forth in the estimates, how this expenditure is to be made, so that payment of it be made in accordance with the vote given.

For the time, we have completed our examination on this subject. It is to be hoped that public attention may be directed to what appears in these papers, so that the situation of the Canadian Pacific, its duties to the Government, its obligations to the Dominion may obtain full attention. Likewise the position in which the Dominion stands towards the Company. It is plain that no further claims for assistance can be fairly made on the country, on the ground of the original contract into which the Company entered. The Company has continued its operations in directions which place its

financial position out of all connection with the Government. The branch from Sudbury Junction to connect with the railway to St. Paul, has relationship only to ninety-five miles of the Canadian Pacific, and accordingly can neither be called a branch nor a feeder to it. On the contrary it is a distinct route to St. Paul, without Dominion control, and can in no way be legitimately included in the system of the main line to the Pacific, west of Sudbury. The Montreal and Toronto Railway, the Credit Valley system, the connection with Chicago, the two lines now being constructed from London to Windsor, and from Toronto to Niagara, each of them side by side with the Grand Trunk; with the prospect of a new Bridge at Niagara. None of these extension subjects to come before Parliament, with a demand for aid No one can look on this reckless construction without pain and misgiving, as injuriously affecting the real resources of the country The Canadian Parliament cannot be called to countenance them, by additional subsidies or extraordinary Legislative loans. What capital account is required for their furtherance must come from other quarters if their projects are to be persevered in.